129

(1)

Supreme Court, U.S.
FILED

No. 081501 JUN 2 - 2009

OFFICE OF THE CLERK

In The

Supreme Court of the United States

LEWIS FERGUSON, ET AL.,

Petitioners,

v.

DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

Parties for Whom the Brief is Filed:
LEWIS FERGUSON
DARRYL COSTIN, AND
SCOTT C. HARRIS

Filed by:
SCOTT C. HARRIS,
Coinventor and Attorney for Petitioners
PO Box 1389
Rancho Santa Fe, CA 92067
619-823-7778
scott@harrises.com

June 2, 2009

COCKLE LAW BRIEF PRINTING CO (800) 225-6964
OR CALL COLLECT (402) 342-2831

QUESTIONS PRESENTED

1) Are claims that recite business methods unpatentable per se when they are not tied to a machine and do not preempt any mathematical algorithm?

2) Is a claim properly unpatentable under 35 U.S.C. §101 as being an abstract idea only because it does not come within the test of "machine or transformation" set forth by *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008)?

PARTIES TO THE PROCEEDING

All parties are listed on the cover. There are no other parties in interest.

TABLE OF CONTENTS

	Page
QUESTIONS PRESENTED	i
PARTIES TO THE PROCEEDING	ii
TABLE OF AUTHORITIES	v
OPINIONS BELOW	1
JURISDICTION	1
STATUTORY PROVISIONS INVOLVED	1
CONCISE STATEMENT OF THE CASE	2
SUMMARY OF ARGUMENT	5
CONCISE ARGUMENT	6
A. Congress Intended For Subject Matter Patentability To Receive A Very Wide Scope	6
B. The Meaning Of A "Broad Scope" Under Other Sections Of 35 U.S.C. §101 Has Been Clearly Defined By The Courts And Subject Matter Patentability Should Also Have A Correspondingly Broad Scope	9
C. The Abstract Idea Exception Has Been Improperly Legally Applied And The Conclusions That These Claims Define An Abstract Idea Is Legally Incorrect	10
D. Petitioner's Proposed Test For Subject Matter Patentability – Does The Claimed Subject Matter Require That The Product Or Process Have More Than A Scintilla Of Interaction With The Real World In A Specific Way	12

TABLE OF CONTENTS – Continued

Page

E. There Cannot Be "Preemption" Without A Mathematical Algorithm 14

F. Ferguson Is Inconsistent With *Gottschalk v. Benson*, 409 U.S. 63 (1972) 15

G. *Ferguson* Means That No "Business Method" Could Be Patentable As Such 16

CONCLUSION 17

APPENDIX

In re Ferguson ..... App. 1

Decision by Board of Patent Appeals ..... App. 20

TABLE OF AUTHORITIES

Page

CASES

Arrhythmia Research Technology, Inc. v. Corazonix Corp., 958 F.2d 1053 (Fed. Cir. 1992) 12

Brenner v. Manson, 383 U.S. 519, 86 S. Ct. 1033, 16 L. Ed. 2d 69 (1966) 9

Brooktree Corp. v. Advanced Micro Devices, Inc., 977 F.2d 1555 (Fed. Cir. 1992) 9

Diamond v. Chakrabarty, 447 U.S. 303, 101 S. Ct. 2204 (1980) ..... *passim*

Fuller v. Berger, 120 F. 274 (C.A.7, 1903) 9

Gottschalk v. Benson, 409 U.S. 63 (1972) 6, 15, 16

In re Bilski, 545 F.3d 943 (Fed. Cir. 2008) 3

Rubber-Tip Pencil Co. v. Howard, 87 U.S. 498 (1874) 10

Pioneer Hi-Bred Intern., Inc. v. J.E.M. Ag Supply, Inc., 200 F.3d 1374 (Fed. Cir. 2000) 7

State Street Bank and Trust v. Signature Financial Group Inc., 149 F.3d 1368 (Fed. Cir. 1998) 5, 6, 12, 16

Voightmann v. Perkinson, 138 F. 56 (C.A.7, 1905) 11

CONSTITUTION

United States Constitution, Article I, §82 2

TABLE OF AUTHORITIES – Continued

Page

STATUTES

35 U.S.C. §101 ..... *passim*

35 U.S.C. §102 2

OPINIONS BELOW

The opinion of the U.S. Court of Appeals for the Federal Circuit is captioned *In re Lewis Ferguson*, reported at http://www.cafc.uscourts.gov/opinions/07-1232.pdf. The opinion of the Board of Patent Appeals and Interferences of the United States Patent and Trademark office is reported at *Ex parte Ferguson*, No. 2003-1044 (B.P.A.I. December 18, 2006).

JURISDICTION

The judgment of the U.S. Court of Appeals for the Federal Circuit was entered on March 6, 2009. The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

STATUTORY PROVISIONS INVOLVED

"Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefore, subject to the conditions and requirements of this title." 35 U.S.C. §101.

CONCISE STATEMENT OF THE CASE

A. Background

One of the tenets of the founding fathers of the United States was that inventors should get exclusive rights to their inventions. United States Constitution, Article I, §8 provides that "The Congress shall have Power . . . To promote the Progress of Science and useful Arts by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

Congress has embraced this power since the enactment of the first patent statute, which became effective on April 10, 1790, and the patent statutes since that early date have embraced this public policy of rewarding inventors. Abraham Lincoln called the patent system " . . . the fuel of interest to the fire of genius." The patent laws have always been to encourage invention – and this is their basic public policy.

Title 35 of the United States code follows the constitutional promotion of Progress of Science by phrasing these rights as positive tests. For example, 35 U.S.C. §102 states that "a person shall be entitled to a patent unless" certain prior art conditions establishing patentability are met. 35 U.S.C. §101. This statute, like so many others, encourages the patents and the patent system, establishing a presumption in favor of obtaining a patent.

This represents the well-established public and constitutional policy of "promoting the progress of science . . . by securing . . . the exclusive rights."

In *Ex parte Ferguson*, however, the Federal Circuit now goes against this long-held tenet. *Ex parte Ferguson* holds that subject matter being claimed is *presumed to be unpatentable*, unless it meets the specified test of "machine or transformation" set forth by *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008).

Under the *Ferguson* rule, patents could only be obtained when they meet specific criteria. This contradicts the basic presumption in favor of patentability, as set forth by two centuries of Patent Acts and Supreme Court precedent.

In addition, *Ferguson* now gives 35 U.S.C. §101 a very narrow scope. This is contrary to Supreme Court precedent that requires 35 U.S.C. §101 to have a broad scope. *Ferguson* in essence holds that any claim that does not meet its very restrictive tests is unpatentable per se under 35 U.S.C. §101.

Ferguson also redefines the so-called "abstract idea" exception to patentability, and does so in a way that is contrary to Supreme Court precedent such as *Diamond v. Chakrabarty*, 447 U.S. 303, 100 S. Ct. 2204 (1980). The Federal Circuit in essence overrules the *Chakrabarty* narrow exception for an abstract idea by holding that an abstract idea is anything that does not meet the *Bilski* test.

Finally, *Ferguson* infuses abject confusion into the law of patentability by holding that business methods are not unpatentable per se; however a method carried out by a non-machine cannot be patentable. This will confuse the law. A business method per se is run by a business – not a machine. *Ferguson* in essence holds business methods unpatentable by requiring any business method either to be executed on a computer or to cause a transformation of something other than a legal obligation.

B. The *Ferguson* Patent Application

The *Ferguson* patent application was directed to a marketing paradigm for bringing software products to market. The application itself was a pure business method application directed to a problem recognized by the inventors (who include myself). The patent was to allow software written by the little guy to be supported as though the big guy had written it. We believed that one or two engineers in their basements could write many very effective and non-bloated software packages. However, institutions would simply refuse to adopt or purchase any such software believing that a credible company did not support it. Software developers could write the best word processor or drawing program ever. However, no one would ever know that because virtually no one would ever adopt it.

The *Ferguson* patent application claimed a way to support a very small software developer or writer

who had the skills to write the software but did not have the skills or resources to market and/or support the software. *Ferguson* claimed a joint marketing force that took a share of the income or profit from the software, in return for doing the marketing or support.

This was a method of doing business, and in 1999 when this patent was written, new forms of patents and claims were erupting. The patent office had decided to accept so-called "Beauregard" claims that recited a sequence of instructions on a readable computer media. *State Street Bank and Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998) had held that a pure business method was not unpatentable per se.

In order to claim a true "business method," many of Ferguson's claims were recited as a paradigm: following Kuhn, in *The Structure of Scientific Revolutions* defined as "an accepted model or pattern." Paradigms gain their status because they are more successful than their competitors in solving a few problems that the group of practitioners has come to recognize as acute . . . " A paradigm in this case therefore referred to the successful way in which a problem is solved.

SUMMARY OF ARGUMENT

The Federal Circuit decision in *Ferguson* improperly contradicts Supreme Court precedent

including *Gottschalk v. Benson*, 409 U.S. 63 (1972) and *Diamond v. Chakrabarty*, 447 U.S. 303, 100 S. Ct. 2204 (1980).

The Federal Circuit decision improperly holds that 35 U.S.C. §101 should have a narrow scope, and that only things that fit within the walls of a certain defined test should be within that narrow scope. This is in contradiction of all other rules in patent law. 35 U.S.C. §101 should not be narrowly construed, as done by *In re Ferguson*.

While paying lip service to the notion that business methods are not unpatentable per se (as held in *State Street*), the Federal Circuit decision in essence closes the door to the patentability of any business method because it requires the actions to be done on the machine, whereas a business method is always done by a business. Therefore, the Federal Circuit decision is inconsistent with its own (en banc) precedent, leading to an ambiguity that prevents inventors from obtaining their constitutionally mandated rights.

CONCISE ARGUMENT

A. Congress Intended For Subject Matter Patentability To Receive A Very Wide Scope

When enacting the 1952 Patent Act, Congress intended the scope of 35 U.S.C. §101 to "include anything under the sun that is made by man," see the

Legislative History reproduced at S.Rep. No. 1979, 82d Cong., 2d Sess., 5 (1952), reprinted in 1952 U.S.C.C.A.N. 2394, 2399; H.R.Rep. No. 1923, 82d Cong., 2d Sess., 6 (1952).

This legislative history was also considered by the Supreme Court in *Diamond v. Chakrabarty*, 447 U.S. 303, 100 S. Ct. 2204 (1980). The *Chakrabarty* Court dealt directly with 35 U.S.C. §101, responding to the arguments concerning patentability of Dr. Chakrabarty's new bacterium that was engineered to consume oil spills. The Court explained that the patent system is directed to the inventive works of humankind, and is not otherwise limited. "In choosing such expansive terms as 'manufacture' and 'composition of matter,' modified by the comprehensive 'any,' Congress plainly contemplated that the patent laws would be given wide scope." 447 U.S. at 308, 100 S. Ct. 2204, 65 L. Ed. 2d 144, 206 U.S.P.Q. at 197. (This section is quoting from *Pioneer Hi-Bred Intern., Inc. v. J.E.M. Ag Supply, Inc.*, 200 F.3d 1374 (Fed. Cir. 2000)).

This legislative history has made quite clear why Congress intended for statutory subject matter to be expansive: so that all the inventive works of humankind could be adequately protected. Congress properly recognized that it is virtually impossible to predict with any certainty where innovation will eventually lead. Congress certainly did not intend to exclude claims directed to developing, using and sharing in profits from a shared marketing force from that section, (as we claimed). Congress did not intend

to exclude claims to a software marketing company of the type we claimed from the scope of patentable subject matter. Congress intended for all results of innovation to be proper subjects of patentability.

At the time of the 1952 Patent Act, for example, it is certainly doubtful that Congress contemplated specifically the existence and/or patentability of engineered bacteria. However, the *Chakrabarty* Court had no trouble expanding Congress' intent to cover patenting engineered bacteria.

In an analogous way, the current claims should define patentable subject matter. They define operations of marketing products, obtaining rights to profits, and rights to market. Common sense dictates that Congress (and the Framers) must have understood the innovative nature of inventions and patents, and intended for patents to cover any kind of innovation.

Therefore, the legislative history and Supreme Court interpretation of the 1952 Patent Act makes it clear that Congress intended for patentability of subject matter under section 101 to have a very broad scope, and that scope is certainly broad enough to allow patentability of the present claims.

B. The Meaning Of A "Broad Scope" Under Other Sections Of 35 U.S.C. §101 Has Been Clearly Defined By The Courts And Subject Matter Patentability Should Also Have A Correspondingly Broad Scope

The courts have clearly held that the other sections of 35 U.S.C. §101 should be interpreted very broadly. Therefore, the "utility" requirement of 35 U.S.C. §101 should similarly have a broad scope.

The Courts have quite clearly spoken on what the term "broad scope" means in the context of 35 U.S.C. §101 utility. An invention is "useful" under 35 U.S.C. §101 if it is capable of providing some identifiable benefit. See *Brenner v. Manson*, 383 U.S. 519, 534, 86 S. Ct. 1033, 16 L. Ed. 2d 69 (1966); *Brooktree Corp. v. Advanced Micro Devices, Inc.*, 977 F.2d 1555, 1571 (Fed. Cir. 1992) ("To violate §101, the claimed device must be totally incapable of achieving a useful result"); *Fuller v. Berger*, 120 F. 274, 275 (C.A.7, 1903) (test for utility is whether invention "is incapable of serving any beneficial end").

The courts have interpreted the utility requirement of 35 U.S.C. §101 to require only a scintilla of utility – any utility, no matter how slight. Phrases like "any beneficial end . . . " and "totally incapable . . . " demonstrate the broad scope of this utility requirement.

The subject matter patentability test is within the same statutory section, 35 U.S.C. §101. Hence,

the subject matter patentability test should be interpreted using an analogous broad scope.

The Supreme Court has made it clear that anything is patentable unless it is a law of nature, natural phenomena or abstract idea. (See *Chakrabarty, supra*). A claim that preempts a mathematical algorithm is not patentable, since this would in effect be patenting something that was not made by man, but rather was discovered by man. As explained herein, the present claims do not recite any mathematical algorithm. Subject matter patentability under 35 U.S.C. §101 should have a very broad scope to realize Congress' clear intent.

C. The Abstract Idea Exception Has Been Improperly Legally Applied By The Patent Office And The Conclusions That These Claims Define An Abstract Idea Is Legally Incorrect

The Decision has misapplied the legal concept of abstract idea. The proper analysis should start with the Supreme Court holding in *Rubber-Tip Pencil Co. v. Howard*, 87 U.S. 498 (1874). This case referred to contours of a special kind of pencil. Howard had specifically referred to contours of that pencil. The Supreme Court held that even though the idea underlying the pencil was good, the device that the applicant eventually claimed was not new. Accordingly, the idea that was disclosed was not patentable – only the contents of the claim mattered for

patentability. The presence of a good idea did not make the claim patentable.

Voightmann v. Perkinson, 138 F. 56 (C.A.7, 1905) also held that concept alone was not patentable. *Voightmann* held that concept must be accompanied by "mechanical embodiment." The concept alone was not patentable.

The 1952 Patent Act makes clear that processes are also patentable. A post 1952 interpretation of *Voightmann* still holds – concept alone is not patentable, only mechanical and/or process based embodiments are patentable. The embodiments must be unanticipated and not obvious.

Note that the present claims have no mathematical constructs whatsoever.

To bring together the holdings of all these cases: the term "abstract idea" was never intended to cover a combination of subject matter such as the present claims, which define actions and techniques associated with a shared sales force that carries out specific embodied things. The abstract idea exception was intended to exclude ideas from patentability. Here, a method is claimed of determining how to interact with a shared sales force. The present claims do not merely define ideas or merely define manipulating ideas. The present claims define a fully functioning and complete embodiment.

Ideas are not patentable. Apparatuses and processes that embody those ideas are patentable.

Thoughts and algorithms are not patentable. However, claims to a specific process or apparatus that is implemented in accordance with a mathematical algorithm are patentable. *Arrhythmia Research Technology, Inc. v. Corazonix Corp.*, 958 F.2d 1053 (Fed. Cir. 1992)

The claims define the concrete embodiments, not the ideas. Hence, they are patentable. The Supreme Court has never held that a claim that did not include a "machine or transformation" was an abstract idea as held by *Ferguson*.

D. Petitioner's Proposed Test For Subject Matter Patentability – Does The Claimed Subject Matter Require That The Product Or Process Have More Than A Scintilla Of Interaction With The Real World In A Specific Way

Petitioners postulate a new test for patentability that is more consistent with Congress' intent.

Appellants' proposed test for patentability is "Does the claimed subject matter require that the product or process has more than a scintilla of interaction with the real world in a specific way." This test is consistent with *State Street Bank* herein. This test is also consistent with Supreme Court law and the intent of Congress. There cannot be preemption because the claim requires interaction with the real world. The law of nature existed on its own. In its

natural state, the law of nature could not have defined interaction with the real world. As the test requires interaction with the physical world, anything that meets the test is more than an abstract idea – it has actually been put into a form that makes it an embodiment, rather than an idea.

Moreover, by the very nature of its interaction with the real world, others can use the product or process in a way that interacts with the real world in a different way. This test therefore captures the nature of preemption and prevents the claim from preempting a law of nature or physical phenomena in a way that would prevent others from using that same law of nature or physical phenomena.

The test also follows the cases cited above, which show that Congress intended 35 U.S.C. §101 to have a very broad scope.

In a very much analogous way, this test also captures the nature of whether something is an "abstract idea." The test requires that the claimed subject matter interact with the real world in a specific way. The very nature of an idea prevents the idea from interacting with the real world in any way.

E. There Cannot Be "Preemption" Without A Mathematical Algorithm

The issue of "preemption" is only applicable to claims that define a mathematical algorithm or law of nature, and has no relevance to the present claims.

Many cases, such as *Diamond v. Chakrabarty*, 447 U.S. 303, 100 S. Ct. 2204 (1980), have held that an algorithm cannot not be patented because patenting the algorithm would preempt all ways of carrying out the algorithm. *Chakrabarty* and other similar cases reason that the inventor did not *invent* the algorithm/law of nature; rather, only *discovered* that algorithm/law of nature. The algorithm or law of nature existed before the inventor's discovery. Therefore, it would be improper to grant a claim that preempted all ways of carrying out that algorithm or law of nature. Such a claim would cover that which the inventor(s) did not invent.

This rationale is inapplicable to a business method. The claimed business concept did *not* exist in nature prior to applicant's invention thereof. No case has ever held that a claim cannot preempt an underlying business concept. In fact, such a holding would be contrary to the reasoning behind the preemption concept. A business method is not discovered, unlike an algorithm where applicants discovered the algorithm, but did not invent it. This business concept was invented by applicants, not just discovered. It is quite proper that all ways of carrying out the business concept could be preempted by

applicants' claims because this concept is original to the applicants. This would be claiming that which applicant invented, unlike an algorithm which claims that which the Applicant discovered.

In summary, a method that "covers any and every possible way of implementing the plan" should not be unpatentable solely on the ground of pre-emption. A business method, unlike an algorithm, did not exist in nature.

As set forth in further detail herein, the notion that these claims recite an "abstract idea" is analogously flawed. All "abstract idea" cases require that an algorithm be recited as part of the abstract idea.

F. *Ferguson* Is Inconsistent With *Gottschalk v. Benson*, 409 U.S. 63 (1972)

Gottschalk v. Benson, 409 U.S. 63 (1972) referred to transformation as a test for subject matter eligibility, but did so in the context of a claim that recited a mathematical algorithm.

Referring to *Benson*, the *Ferguson* decision characterizes the machine or transformation as being that of the "Supreme Court." This is clearly in error, as Benson clearly intended the tests set forth to be a way to determine if one was simply patenting an algorithm. In fact, Benson makes it crystal clear that they are not holding a rigid test:

> It is argued that a process patent must either be tied to a particular machine or apparatus or must operate to change articles or materials to a "different state or thing." We do not hold that no process patent could ever qualify if it did not meet the requirements of our prior precedents. It is said that the decision precludes a patent for any program servicing a computer. We do not so hold.

However, in referring to whether the machine or transformation test is the sole test for patentability, *Ferguson* states that the exclusive use of the "machine or transformation" test was based on *Gottschalk v. Benson*. This was quite clearly not what the Supreme Court held.

Hence *In re Ferguson* is in conflict with Supreme Court precedent.

G. *Ferguson* Means That No "Business Method" Could Be Patentable As Such

A business method is an operation carried out by a business to obtain some advantage over other businesses. If novel, the announcement in *Diamond v. Chakrabarty*, 447 U.S. 303, 101 S. Ct. 2204 (1980) that "anything under the sun . . . made by man . . . is patentable" should govern, and hence a novel business method should be patentable.

Indeed, *State Street Bank and Trust v. Signature Financial Group Inc.*, 149 F.3d 1368 (Fed. Cir. 1998)

held, in an en banc decision, that business methods are not unpatentable per se.

However, the rigid machine or transformation test set forth by *Ferguson*, with or without mathematical algorithms, with or without preemption, would rigidly preclude patentability of business methods. As such, this conclusion would modify Chakrabarty's sweeping pronouncement, and would deem patentability only for "Anything under the sun made by man, except for a business method."

CONCLUSION

In conclusion, Petitioners believe that it would be in the interest of justice, and in the interest of Progress of Science and the Useful Arts, to grant this writ.

Respectfully submitted,

Dated: June 2, 2009 SCOTT C. HARRIS

on behalf of himself and the other inventors
Lewis Ferguson and Darryl Costin.

United States Court of Appeals
for the Federal Circuit

2007-1232 (Serial No. 09/387,823)

IN RE LEWIS FERGUSON, DARRYL COSTIN and SCOTT C. HARRIS

Appeal from the United States Patent and Trademark Office, Board of Patent Appeals and Interferences.

DECIDED: March 6, 2009

Before NEWMAN, MAYER, and GAJARSA, *Circuit Judges*.

Opinion for the court filed by *Circuit Judge* GAJARSA. Concurring opinion filed by *Circuit Judge* NEWMAN.

GAJARSA, *Circuit Judge*.

Lewis Ferguson, Darryl Costin and Scott C. Harris (collectively, "Applicants") appeal from the final decision of the Board of Patent Appeals and Interferences ("Board") sustaining the rejection of all sixty-eight claims of their U.S. Patent Application Serial No. 09/387,823 ("the '823 application"). *See Ex parte Ferguson,* No. 2003-1044 (B.P.A.I. Dec. 18, 2006) ("*Board Decision III*"). Specifically, Applicants argue that the Board erroneously decided that the claims are not directed to patent-eligible subject matter under 35 U.S.C. § 101. Because we conclude that Applicants' claims are not within the parameters of

the statutory requirements and do not cover patent-eligible subject matter, particularly in light of this court's recent decision in *In re Bilski,* 545 F.3d 943 (Fed. Cir. 2008) (en banc), we affirm the decision of the Board.

BACKGROUND

Applicants filed the '823 application on September 1, 1999. The application is directed to a marketing paradigm for bringing products to market. Claims 1-23 and 36-68 are method claims; claims 24-35 are "paradigm" claims. Claim 1, which is representative of Applicants' method claims, reads:

> A method of marketing a product, comprising:
>
> developing a shared marketing force, said shared marketing force including at least marketing channels, which enable marketing a number of related products;
>
> using said shared marketing force to market a plurality of different products that are made by a plurality of different autonomous producing company, so that different autonomous companies, having different ownerships, respectively produce said related products;
>
> obtaining a share of total profits from each of said plurality of different autonomous producing companies in return for said using; and

> obtaining an exclusive right to market each of said plurality of products in return for said using.

'823 application cl.1. Claim 24, which is representative of Applicants' paradigm claims, reads:

> A paradigm for marketing software, comprising:
>
> a marketing company that markets software from a plurality of different independent and autonomous software companies, and carries out and pays for operations associated with marketing of software for all of said different independent and autonomous software companies, in return for a contingent share of a total income stream from marketing of the software from all of said software companies, while allowing all of said software companies to retain their autonomy.

'823 application cl.24.

The examiner rejected each of claims 1-68 under 35 U.S.C. §§ 102, 103 and/or 112. *See Ex parte Ferguson*, No. 2003-1044, slip op. at 2-3 (B.P.A.I. Aug. 27, 2004) ("*Board Decision I*").

On appeal, the Board did not sustain any of the examiner's grounds for rejection and, therefore, reversed the decision of the examiner. *Id.* at 3-13. Relying on its authority under 37 CFR § 1.196(b), however, the Board entered a new rejection of all claims under 35 U.S.C. § 101, stating: "Our interpretation of these claims is that they do not expressly or implicitly require performance of any of the steps

by a machine, such as a general purpose digital computer." *Board Decision I,* slip op. at 13. The Board then analyzed the previous decisions of the Supreme Court and of this court and its predecessor and concluded that, pursuant to those precedents, Applicants' claims were not directed to statutory subject matter.

Upon Applicants' request for rehearing, the Board issued a response, which included a superseding rejection under 35 U.S.C. § 101. *Ex parte Ferguson,* No. 2003-1044 (B.P.A.I. July 27, 2006) ("*Board Decision II*"). The Board entered the new § 101 rejection "to allow [the Board] to properly address each separate claim on appeal and to consider the U.S. Patent and Trademark Office's *Interim Guidelines for Examination of Patent Applications for Patent Subject Matter Eligibility* [("Guidelines")], . . . which were promulgated after the decision on appeal in this case." *Board Decision II,* slip op. at 1-2 (citation omitted). Referring primarily to representative claims 1 and 24, the Board proceeded to clarify the bases for its rejection with reference to the Guidelines.

As to method claims 1-23 and 36-68, the Board conceded that the claims nominally fell within one of the four categories of statutory subject matter-processes. But after detailed analysis, the Board concluded that Applicants' method claims were directed to an "abstract idea" – not patent-eligible subject matter. *Id.* at 9.

As to paradigm claims 24-35, the Board found that a "paradigm"[1] does not clearly fall within any of the four enumerated categories of statutory subject matter. And considering the paradigm claims' reference to "a marketing company," the Board determined:

> There is nothing in the record of this case that would suggest that "a marketing company" can be considered to be a process, a machine, a manufacture or a composition of matter. In other words, the paradigm claims on appeal are not directed to statutory subject matter under 35 U.S.C. § 101 because they are not directed to subject matter within the four recognized categories of patentable inventions. Therefore, the paradigm claims, claims 24-35, are not patentable under 35 U.S.C. [§] 101 for at least this reason.

Id. at 5.

Applicants again filed a request for rehearing; but the Board declined to modify its decision, stating: "We are still of the view that the invention set forth in claims 1-68 is directed to non-statutory subject matter." *Board Decision III,* slip op. at 4.

---

[1] The Board found that "[a] 'paradigm' is generally defined as 'a pattern, example or model.'" *Board Decision II,* slip op. at 4 (citing *Webster's New World Dictionary* (1966)).

Applicants timely appealed to this court under 35 U.S.C. § 141. We have jurisdiction under 28 U.S.C. § 1295(a)(4)(A).

DISCUSSION

As this court recently reiterated in *Bilski,* "[w]hether a claim is drawn to patent-eligible subject matter under § 101 is a threshold inquiry, and any claim of an application failing the requirements of § 101 must be rejected even if it meets all of the other legal requirements of patentability." *Bilski,* 545 F.3d at 950; *see also Parker v. Flook,* 437 U.S. 584, 593 (1978). "Whether a claim is drawn to patent-eligible subject matter under § 101 is an issue of law that we review de novo." *Bilski,* 545 F.3d at 951.

As this appeal turns on whether Applicants' invention as claimed meets the requirements set forth in § 101, we begin with the words of the statute:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefore, subject to the conditions and requirements of this title.

35 U.S.C. § 101.

The statute thus recites four categories of subject matter: processes, machines, manufactures, and compositions of matter. But even if a claim may be deemed to fit literally within one or more of the statutory categories, it may not be patent eligible. As

the Supreme Court has repeatedly cautioned: "Phenomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work." *Gottschalk v. Benson,* 409 U.S. 63, 67 (1972); *see also Bilski,* 545 F.3d at 952 (collecting cases). We thus consider below whether any of Applicants' claims are drawn to patent-eligible subject matter within any of the four statutory categories.

I. The Method Claims

As to Applicants' method claims, which at least nominally fall into the category of process claims, this court's recent decision in *Bilski* is dispositive. In *Bilski,* we resolved the question: "what test or set of criteria governs the determination by the Patent and Trademark Office ('PTO') or courts as to whether a claim to a process is patentable under § 101, or conversely, is drawn to unpatentable subject matter because it claims only a fundamental principle."[2] *Bilski,* 545 F.3d at 952. We stated that the Supreme Court's machine-or-transformation test is the "definitive test to determine whether a process claim is tailored narrowly enough to encompass only a particular application of a fundamental principle rather than to

---

[2] As used in *Bilski,* the term "fundamental principle" means "laws of nature, natural phenomena, and abstract ideas." 545 F.3d at 952 n.5.

pre-empt the principle itself." *Id.* at 954. As this court phrased the machine-or-transformation test in *Bilski*:

> A claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, *or* (2) it transforms a particular article into a different state or thing.

Id. (emphasis in original) (*citing Gottschalk,* 409 U.S. at 70; *Diamond v. Diehr,* 450 U.S. 175, 192 (1981); *Parker,* 437 U.S. at 589 n.9; *Cochrane v. Deener,* 94 U.S. 780, 788 (1876)). Applicants' method claims do not meet either prong of the machine-or-transformation test.

Applicants' method claims are not tied to any particular machine or apparatus. Although Applicants argue that the method claims are tied to the use of a shared marketing force, a marketing force is not a machine or apparatus. As this court recently stated in *In re Nuijten,* 500 F.3d 1346 (Fed. Cir. 2007), a machine is a "'concrete thing, consisting of parts, or of certain devices and combination of devices.' This 'includes every mechanical device or combination of mechanical powers and devices to perform some function and produce a certain effect or result.'" *Id.* at 1355 (citation omitted) (*quoting Burr v. Duryee,* 68 U.S. (1 Wall.) 531, 570 (1863); *Corning v. Burden,* 56 U.S. (15 How.) 252, 267 (1853)). Applicants' method claims are not tied to any concrete parts, devices, or combination of devices.

Nor do Applicants' methods, as claimed, transform any article into a different state or thing. At best it can be said that Applicants' methods are directed to organizing business or legal relationships in the structuring of a sales force (or marketing company). But as this court stated in *Bilski,* "[p]urported transformations or manipulations simply of public or private legal obligations or relationships, business risks, or other such abstractions cannot meet the test because they are not physical objects or substances, and they are not representative of physical objects or substances." 545 F.3d at 963.

Because Applicants' method claims fail to meet either prong of the machine-or-transformation test, we affirm the Board's rejection of claims 1-23 and 36-68 under § 101 as not drawn to patent-eligible subject matter.[3]

The decisions of the Board and the briefing and argument on appeal include extensive discussion of a

---

[3] Contrary to the concurrence's assertion, we do not contend that this court has overturned *State Street Bank & Trust Co. v. Signature Financial Group,* 149 F.3d 1373 (1998), but merely note that the "useful, concrete and tangible result test" "is insufficient to determine whether a claim is patent-eligible under § 101," *Bilski,* 545 F.3d at 959, and "is inadequate," *id.* at 960 (reaffirming that "the machine-or-transformation test outlined by the Supreme Court is *the* proper test to apply" (emphasis added)), and that "those portions of our opinions in *State Street* and *AT&T* [*Corp. v. Excel Commc'ns, Inc.*, 172 F.3d 1352 (Fed. Cir. 1999),] relying on a 'useful, concrete and tangible result' analysis should not longer be relied on," *id.* at 960 n.19.

so-called "useful, concrete, and tangible result" test. To avoid confusion, we clarify here that in *Bilski,* this court considered whether this "test" is valid and useful and concluded that it is not.[4] Specifically, we rejected the viability of the "useful, concrete, and tangible result" language of *State Street Bank & Trust Co. v. Signature Financial Group,* 149 F.3d 1373 (1998), as a test, because while such an inquiry "may in many instances provide useful indications of whether a claim is drawn to a fundamental principle or a practical application of such a principle," it inappropriately focuses on the result of the claimed invention rather than the invention itself. *Bilski,* 545 F.3d at 959.

Applicants also ask this court to consider a new test: "Does the claimed subject matter require that the product or process has more than a scintilla of interaction with the real world in a specific way?" In light of this court's clear statements that the "sole," "definitive," "applicable," "governing," and "proper" test for a process claim under § 101 is the Supreme Court's machine-or-transformation test, *see Bilski, passim,* we are reluctant to consider Applicants' proposed test. Suffice it to say that Applicants' proposed "scintilla of interaction" test begs the question whether

---

[4] In *Bilski,* this court also rejected the so-called *Freeman-Walter-Abele* test, the "technological arts" test, and the "physical steps" test. 545 F.3d at 959, 960, 960-61. Because these "tests" were not subjects of extensive argument in this case, we see no need to revisit them here.

even the most abstract of ideas and natural of phenomena interact with the real world. Applicants' proposed test would lead, therefore, both to ambiguity and to conflict with the Supreme Court precedents discussed above and in *Bilski*. We thus decline to adopt Applicants' proposed "scintilla of interaction" test and reaffirm that the machine-or-transformation test is the singular test for a process claim under § 101.

Finally, Applicants' assertion that the method claims are directed to business methods and should be treated as statutory subject matter in light of *State Street* is misplaced. "In *State Street,* as is often forgotten, we addressed a claim drawn not to a process but to a *machine*." *Bilski,* 545 F.3d at 959 n.18 (emphasis in original); *see also State Street,* 149 F.3d at 1373 ("Today, we hold that the transformation of data, representing discrete dollar amounts, *by a machine* through a series of mathematical calculations into a final share price, constitutes a [patent-eligible invention] because it produces a useful, concrete and tangible result. . . ." (internal quotation marks omitted) (emphasis added)). The claim at issue in *State Street* was thus drawn to a patent-eligible machine implementation of what may have otherwise been a non-patent-eligible abstract idea. Moreover, we note that in *Bilski* this court refused to extend or even to take a broad reading of the holding in *State Street,* holding that the language employed in *State Street* "was certainly never intended to supplant the Supreme Court's [machine-or-transformation] test"

and that "those portions of our opinion[ ] in *State Street* . . . relying solely on a 'useful, concrete and tangible result' analysis should no longer be relied on." *Bilski,* 545 F.3d at 959-60 & n.19.

For these reasons, we decline to consider Applicants' method claims other than through the lens of the machine-or-transformation test, upon the application of which we have determined that the claims are not drawn to patent-eligible subject matter. We hold, therefore, that Applicants' method claims are not patentable.

II. The "Paradigm" Claims

Turning now to Applicants' paradigm claims, this court's recent decisions in *In re Nuijten,* 500 F.3d 1346 (Fed. Cir. 2007), *cert. denied sub nom. Nuijten v. Dudas,* 129 S. Ct. 70 (2008),[5] and in *Bilski* are instructive. As in *Nuijten,* Applicants' paradigm claims force us to consider whether the claimed subject matter fits into any of the four enumerated categories of statutory subject matter. Although we need not resolve the particular class of statutory subject matter into which Applicants' paradigm claims fall, the claims must satisfy at least one category. *Nuijten,* 500 F.3d at 1354 ("If a claim covers material not found in any of the four statutory categories, that claim falls outside the plainly expressed scope of

---

[5] This court's decision in *Bilski* expressly did not disturb *Nuijten. Bilski,* 545 F.3d at 951 n.2.

§ 101 even if the subject matter is otherwise new and useful."). We hold that they do not.

Applicants' paradigm claims are not directed to *processes,* as "no act or series of acts" is required. *Nuijten,* 500 F.3d at 1355. Applicants do not argue otherwise. Applicants' marketing company paradigm is also not a *manufacture,* because although a marketing company may own or produce tangible articles or commodities, it clearly cannot itself be an "'article[]' resulting from the process of manufacture." *Nuijten,* 500 F.3d at 1356. Again, Applicants do not argue otherwise. And Applicants' marketing company paradigm is certainly not a *composition of matter.* Applicants do not argue otherwise.

Applicants do assert, however, that "[a] company is a physical thing, and as such analogous to a machine." But the paradigm claims do not recite "a concrete thing, consisting of parts, or of certain devices and combination of devices," *Nuijten,* 500 F.3d at 1355, and as Applicants conceded during oral argument, "you cannot touch the company." Recording of Oral Argument at 11:30-11:32, *In re Ferguson,* No. 2007-1232 (Fed. Cir. Dec. 5, 2007), *available at* http://oralarguments.cafc.uscourts.gov/mp3/2007-1232.mp3. To the contrary, Applicants do no more than provide an abstract idea – a business model for an intangible marketing company.[6] *See Bilski,* 545 F.3d at 952 ("The

---

[6] The concurrence asserts that Ferguson's marketing paradigm is not an abstract idea, contending that "it is definite and

(Continued on following page)

true issue before us then is whether Applicants are seeking to claim a fundamental principle (such as an abstract idea) or a mental process."). Indeed, it can be said that Applicants' paradigm claims are drawn quite literally to the "paradigmatic 'abstract idea.'" *Cf. In re Warmerdam,* 33 F.3d 1354, 1360 (Fed. Cir. 1994). Applicants' argument is, therefore, unavailing.

Absent identity with any statutory category, Applicants' paradigm claims are, therefore, unpatentable as not directed to statutory subject matter.[7]

CONCLUSION

The decision of the Board, entering the rejection of claims 1-68 of the '823 application for lack of statutory subject matter, is affirmed.

AFFIRMED

---

concrete and limited." Concurring op. at 2. We disagree. As explained above, there is nothing definite or concrete about Ferguson's marketing paradigm. At most, it is simply composed of "legal obligations, organizational relationships, and business risks," which this court characterized in *Bilski* as "abstract constructs." 545 F.3d at 962; *see also id.* at 963 (comparing "physical objects or substances" to "public or private legal obligations or relationships, business risks, or other such abstractions").

[7] The essence of the concurrence is an argument premised on policy and philosophical grounds. We disagree with this approach, as it is not the role of courts to make such arguments but rather the responsibility of Congress to consider amending the patent laws as necessary to recognize and allow for innovation in the future.

COSTS

Each party to bear its own costs.

NEWMAN, Circuit Judge, concurring in the judgment.

If the court had simply held that the Ferguson marketing method fits the class of processes now barred from patenting by this court's ruling in *In re Bilski,* 545 F.3d 943 (Fed. Cir. 2008) (*en banc*), I could not object. However, the panel majority goes farther than is necessary or appropriate, redefining the *Bilski* opinion and expounding dicta that transcend the facts of this case.

My colleagues err in asserting that the "machine-or-transformation" test is that of the Supreme Court. *See Gottschalk v. Benson,* 409 U.S. 63, 71 (1972) ("We do not so hold."). And in their purported "clarification" of the *Bilski* decision, my colleagues suggest that *Bilski* overturned not only *State Street Bank* but also other precedent including that based on the *Freeman-Walter-Abele* test, the "technological arts" test, and the "physical steps" test. Maj. op. at 7 n.3. This sweeping rejection of precedent simply enlarges the taint on the thousands of patents that were granted on application of these tests. Indeed, this court in *Bilski* reaffirmed the holding of *State Street Bank* that the "'business method exception' was unlawful and that business method claims (and indeed all process claims) are 'subject to the same legal

requirements for patentability as applied to any other process or method.'" *Bilski,* 545 F.3d at 960 (quoting *State Street Bank,* 149 F.3d at 1375-76). Although the *Bilski* court held that the *State Street Bank* criterion of "useful, concrete and tangible result" does not provide patent-eligibility if the machine-or-transformation test is not met, the court recognized that the *State Street Bank* test was directed to processes performed by computer, thus meeting the *Bilski* test: "In *State Street,* as is often forgotten, we addressed a claim drawn not to a process but to a *machine*." *Bilski,* 545 F.3d at 959 n.18 (emphasis in original).

There are indeed many uncertainties remaining in this court's restructure of the legal framework of modern technology and its fruits. However, the potentially complex issues of when computers are *Bilski*-acceptable machines do not arise in the *Ferguson* claims. I agree that these issues require clarification, for uncertainty as to legal rights is as much a disincentive to commerce as is their deprivation. However, this case is not the appropriate vehicle for dictum of potentially large consequence. For example, the court disposes of the *Ferguson* method on the ground that it is an "abstract idea," although it is definite and concrete and limited, and not at all abstract. The court resolves this dilemma by defining "abstract idea" as anything that does not meet the *Bilski* machine-or-transformation test. However, the *Ferguson* marketing method is not an abstraction, even in *Bilski* terms. The *Ferguson* method

"does not pre-empt all uses of a fundamental principle in any field but is limited to a particular use, a specific application. Therefore, it is not drawn to the principle in the abstract". *Bilski*, 545 F.3d at 957.

The court's circular definition of "abstraction" as anything that is not patent-eligible under *Bilski* can impact the many new methods flowing from the new information technologies. These methods have enhanced human capabilities, blurring the traditional line between machine and human; their patentability warrants at least consideration in appropriate cases, not disposition in dictum.

Until we are confident in understanding the consequences of our rulings, let us not forget that today's "knowledge economy" arose and thrived under the past law of patent eligibility. Although I agree that new thinking is warranted, this court's broadside assault on patent-eligible subject matter is unsupported by any stated policy or benefit to either society or commerce. We are ignorant of whether competitive activity, creative energies, and entrepreneurial initiatives, will founder or be facilitated by this court's dramatic change in the legal framework. I take note that scholarship is starting to appear, as economists recognize "the new economy." *See, e.g.*, Richard G. Anderson, *The New Economy: How the United States is Adapting to the Knowledge-Based Economy of the Twenty-First Century*, Southern Illinois Economic Development Conference 21 (Sept. 21, 2006) (discussing intellectual property rights and the creation of knowledge). But much more needs to be understood,

as this court undertakes to change the legal framework of this economy.

Today's new capabilities of acquiring and using knowledge are producing myriad creative advances. This court has offered no explanation of the interests and policy that we intend to serve by removing such advances from the legal framework of the patent system. *See, e.g.*, Milton Katz, *The Role of the Legal System in Technological Innovation and Economic Growth, The Positive Sum Strategy* 169 (1986) (explaining that the legal system plays a part in facilitating and promoting "business enterprise, technological innovation, and economic thought").

This court's retreat into the methods of the past is unworthy of our responsibility to support innovation in the future. Major adjustment in established law should be based on changing industrial or intellectual or equitable needs – of which no evidence is before this court. The only need of which I am aware is that of the current harsh economic times, when the need is of enhanced incentives to innovation and investment in new things and new industries, not reduction in the existing incentives.[1]

---

[1] I take note of the panel majority's criticism of my views as "policy" related. Indeed, the major concern with my colleagues' aggressive elimination of patent access in areas of modern commerce is their failure to consider the policy effects. The success of the common law derives from its relation to the policy that it implements. As Justice Holmes stated:

(Continued on following page)

Meanwhile, the patentability of inventions directed to information-based procedures and computer-facilitated processes is readily tested under the established substantive criteria of patentability. I agree with the patent examiner's determination that the *Ferguson* marketing method does not pass the test of unobviousness, 35 U.S.C. § 103. On this ground, I concur in the judgment.

> The very considerations which judges most rarely mention, and always with an apology, are the secret root from which the law draws all the justices of life. I mean, of course, considerations of what is expedient for the community concerned. Every important principle which is developed by litigation is in fact and at bottom the result of more or less definitely understood views of public policy; most generally, to be sure, under our practice and traditions, the unconscious result of instinctive preferences and inarticulate convictions, but nonetheless traceable to views of public policy in the last analysis.

Oliver W. Holmes, The Common Law 35-36 (1881).

The opinion in support of the decision being entered today was *not* written for publication and is *not* binding precedent of the Board.

UNITED STATES PATENT
AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte LEWIS FERGUSON,
DARRYL COSTIN, and SCOTT C. HARRIS

Appeal No. 2003-1004
Application No. 09/387,823

ON BRIEF

Before FRANKFORT, McQUADE, JERRY SMITH, BARRETT, DIXON, GROSS, BAHR, and NAPPI, *Administrative Patent Judges.*

JERRY SMITH, *Administrative Patent Judge.*

DECISION ON REQUEST FOR REHEARING

(Mailed Dec. 18, 2006)

Appellants request that we reconsider our decision of July 27, 2006 wherein we made a new ground of rejection against all claims on appeal under 35 U.S.C. § 101.

We have reconsidered our decision of July 27, 2006 in light of appellants' comments in the Request for Rehearing, and we find no error therein. We, therefore, decline to make any changes in our prior decision for the reasons which follow.

Appellants have specifically identified eight reasons why they believe the previous decision is wrong. We will address each of these reasons in turn. Specific case citations will be omitted since they are identified in the Interim Guidelines for Examination of Patent Applications for Subject Matter Eligibility (The Guidelines) which was extensively analyzed in the previous decision.

I. "Congress Intended For Subject Matter Patentability To Receive A Very Wide Scope" [Request, pages 3-4].

Although Congress intended for subject matter patentability to receive a very wide scope, the courts have defined subject matter patentability to exclude abstract ideas. Since the previous decision found that all the claims on appeal were directed to an abstract idea, such claims do not fall within the broad purview intended by Congress.

II. "The Meaning Of A "Broad Scope" Under 35 USC 101 Has Been Clearly Defined By The Courts And Subject Matter Patentability Should Also Have A Corresponding Broad Scope" [Request, pages 5-6].

Appellants assert in this section of the Request for Rehearing that the claimed invention meets the

utility requirement of 35 U.S.C. § 101. The previous decision, however, does not hold that the claimed invention lacks utility. Rather, the previous decision finds that the claimed invention is directed to an abstract idea.

III. "The Guidelines Do Not Fairly Characterize The Tests For Concrete Useful And Tangible Result, And Transformation Of Something To A Different State Or Thing As Safe Havens, Not Exclusive Tests, And The Cases Never Intended For These To Be Exclusive Tests" [Request, pages 7-11].

Appellants assert in this section of the Request for Rehearing that the Guidelines have improperly interpreted the holdings of the cases cited therein. Specifically, appellants argue that the Federal Circuit has clearly held that neither the useful, tangible, and concrete test nor the transformation test should be exclusive tests for subject matter patentability. The Guidelines represent the official position taken by the United States Patent and Trademark Office (USPTO) as to the manner in which subject matter eligibility will be determined by the USPTO. Therefore, in the previous decision, the Board of Patent Appeals and Interferences (BPAI), as a body within the USPTO, applied the official policy of the USPTO in analyzing the claims on appeal in this case. Although appellants believe that the Guidelines are wrong, they are challenging the official position of the USPTO, and such a challenge should be taken to a higher authority. The majority in the previous decision elected to follow the Guidelines as the official legal position to

be taken in analyzing the claims on appeal. We continue to believe that the Guidelines represent the correct legal position to be analyzed in this case. We note that the concurring opinions in the previous decision did not assert that the guidelines did not apply, but if anything, the concurring opinions asserted that the Guidelines did not go far enough in finding subject matter ineligibility.

IV. "The "Guidelines" Do Not Have The Force Of Law, And Are Simply That, Guidelines" [Request, page 12].

Although the Guidelines do not have the force of law, they represent the official position of the USPTO as noted above.

V. "The Current Claims Are Statutory Even Under The Guidelines" [Request, pages 13-15].

Appellants assert in this section of the Request for Rehearing that claims are statutory if they use an abstract idea to perform a real world function. Appellants argue that the idea of the shared marketing force is claimed in a way that forms an application of any idea that underlies the shared marketing force. They note, for example, that using the marketing force to market products is an action and not just an abstract idea. Appellants note that the claimed invention also produces a real world result: products are marketed and the share of total profits is obtained. Thus, appellants argue that the claimed invention produces a concrete, tangible, and useful

result. Although appellants disagree with the conclusions reached in the previous decision, the reasons why the claims on appeal are directed to non-statutory subject matter are explained in the previous decision. Appellants' arguments in the Request for Rehearing do not persuade us of error in the previous decision.

VI. "The Abstract Idea Exception Is Improperly Applied Here And The Conclusions That These Claims Define An Abstract Idea Is Legally Incorrect" [Request, pages 16-17].

Appellants simply broadly assert in this section of the Request for Rehearing that an idea is the opposite of an embodiment and that apparatuses and processes that embody these ideas are patentable. The claims on appeal before us, however, are directed to abstract ideas for reasons discussed above and in the previous decision.

VII. "Does The Claimed Subject Matter Require That The Product Or Process Has More Than A Scintilla Of Interaction With The Real World In A Specific Way" [Request, pages 18-19].

Appellants assert in this section of the Request for Rehearing that the new test for subject matter patentability proposed by appellants in the previous Request for Rehearing should be followed. As we noted in the previous decision, however, inasmuch as appellants have not cited any authority for such a test, the question of whether the test proposed by appellants can be used to overcome a rejection under

35 U.S.C. § 101 is a question best left to the courts to decide.

VIII. "Justice Delayed is Justice Denied" [Request, page 20].

Appellants request that the Board do anything it can to speed up the response in this case. We regret that there have been substantial delays in the handling of this appeal. The important issue regarding subject matter patentability and the decision to wait for the publication of the Guidelines before attempting to decide this issue caused unexpected delays in making the decision in this appeal. Every effort will be made from now on to handle all matters in an expeditious manner at the Board.

We have carefully considered the arguments raised by appellants in their Request for Rehearing, but we can find no errors in our previous decision. We are still of the view that the invention set forth in claims 1-68 is directed to non-statutory subject matter.

We have granted appellants' request to the extent that we have reconsidered our decision of July 27, 2006, but we deny the request with respect to making any changes therein.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

REHEARING DENIED

/s/ Charles E. Frankfort
CHARLES E. FRANKFORT
Administrative Patent Judge

/s/ John P. McQuade
JOHN P. McQUADE
Administrative Patent Judge

/s/ Jerry Smith
JERRY SMITH
Administrative Patent Judge

/s/ Lee E. Barrett
LEE E. BARRETT
Administrative Patent Judge

/s/ Joseph L. Dixon
JOSEPH L. DIXON
Administrative Patent Judge

/s/ Anita Pellman Gross
ANITA PELLMAN GROSS
Administrative Patent Judge

/s/ Jennifer D. Bahr
JENNIFER D. BAHR
Administrative Patent Judge

/s/ ROBERT E. NAPPI
Administrative Patent Judge

) BOARD OF PATENT APPEALS AND INTERFERENCES

SCOTT C. HARRIS
P. O. BOX 927649
SAN DIEGO, CA 92192